



800 Boylston Street Boston, Massachusetts 02199

APPROVED	
DATE	July 1, 2002
	<i>[Signature]</i>
	<i>[Signature]</i>
	<i>[Signature]</i>
	<i>[Signature]</i>
	<i>[Signature]</i>
COMMISSIONERS, D.T.E.	

JOHN COPE-FLANAGAN
 NSTAR Electric & Gas Corporation
 Assistant General Counsel
 Direct Dial: (617) 424-2103
 Telecopier: (617) 424-2733
 John_Cope-Flanagan@nstaronline.com

April 1, 2001

Mary L. Cottrell, Secretary
 Department of Telecommunications and Energy
 One South station, 2nd Floor
 Boston, Massachusetts 02110

Re: **Commonwealth Electric Company Emergency Back-Up Service**
To Pilgrim Nuclear Power Station; EC02-05

Dear Secretary Cottrell:

Pursuant to G.L. c. 164, § 94 and 220 C.M.R. 5.03, enclosed for approval of the Department of Telecommunications and Energy (the "Department"), please find the following two contracts between Commonwealth Electric Company ("Commonwealth" or the "Company") and Entergy Nuclear Generation Company ("Entergy"): (1) Agreement for Emergency Back-Up Service and (2) Facilities Support Agreement (the agreements are contained in Attachment 1). These two agreements pertain to Commonwealth's provision of emergency back-up service for Entergy's shutdown transformer at its Pilgrim Nuclear Power Station ("Pilgrim"), and to Commonwealth's maintaining specific distribution facilities to ensure reliability of service at Pilgrim. Attachment 2 contains a rate support analysis. Also enclosed is a filing fee in the amount of \$30.00.

Background

These agreements are the result of discussions between Commonwealth and Entergy regarding the reformation of the current "Off-Site Power Agreement" between the parties (Attachment 3). The Off-Site Power Agreement was entered into in 1977 between New Bedford Gas and Edison Light Company and Boston Edison Company ("Boston Edison"). New Bedford Gas and Edison Light Company was the predecessor company to Commonwealth; Boston Edison sold Pilgrim to Entergy in 1998 and, in that transaction, assigned the Off-Site Power Agreement to Entergy. Under that 1977 agreement, Commonwealth provides various electric services to Pilgrim, including facilities support, distribution

2002 APR - 1 2:50
 RECEIVED

Mary L. Cottrell, Secretary
April 1, 2002
Page 2

service, back-up service, and wheeling service for emergency shut-down/start-up power. At the time of its execution, the 1977 agreement was considered a wholesale transaction within the jurisdiction of the Federal Energy Regulatory Commission ("FERC"). A more recent review of the services provided to Pilgrim under the Off-Site Power Agreement has disclosed that most of the services are retail rather than wholesale services. That is, Commonwealth's providing emergency back-up service for Entergy's shutdown transformer and maintaining specific facilities to ensure reliability of service are for end-use by Pilgrim. Based on our evaluation of the services provided to Entergy for Pilgrim and the structure of the 1977 agreement, we determined that the 1977 agreement should be restructured to reflect the actual transactions occurring.

The Agreements

The two agreements are designed to provide Entergy with the delivery of emergency power for the shut-down/start-up requirements for Pilgrim, and to maintain certain facilities underground to satisfy Entergy's requirements from the Nuclear Regulatory Commission ("NRC"). These two agreements would replace the Off-site Power Agreement, which will be cancelled at FERC once the Department approves the Agreement for Emergency Back-Up Service and the Facilities Support Agreement. These two agreements are designed to provide Entergy with the same level of service as is provided under the Off-Site Power Agreement.

Under the Agreement for Emergency Back-Up Service, the Company would deliver power to Entergy's shutdown transformer during an emergency start-up or shutdown event at Pilgrim. Commonwealth would maintain the capability to provide this service at any time, although Entergy would take delivery of power under this service only in emergency situations where Entergy's ordinary means for delivery was not available. The level of back-up capacity for Entergy's requirements under this agreement is set initially at 4,700 kilowatts. Back-up capacity is subject to adjustment annually based on Entergy's projected requirements and Commonwealth's ability to satisfy those projected requirements.

The charges to Entergy under the Agreement for Emergency Back-Up Service are based on the Company's costs to provide service to Entergy. These charges cover Commonwealth's costs: (i) to administer the agreement (Administrative Charge); (ii) for billing and meter services (Customer Charge); (iii) for back-up capacity requirements (Transmission Capacity Charge – based on Entergy's peak back-up demands with a floor based on the maximum back-up capacity); (iv) for recovery of transition costs (Transition Charge - includes a formula adjustment to account for subsequent changes in the Company's transition charge rate approved by the Department); and (v) other mandated

Mary L. Cottrell, Secretary
April 1, 2002
Page 3

charges applicable to all retail service (Energy Efficiency Charge and Renewable Energy Charge).

The charges applicable under the Agreement for Emergency Back-Up Service are based on the specific cost requirements for this service. The Administrative Charge is based on the cost to provide special accounting and programming functions associated with service under this agreement. The Customer Charge is the same charge that applies under the Company's distribution service rate for general time-of-use customers (Rate G-3). The Distribution Charge under this agreement is zero because the charges attributable to delivery of the power are collected under the Facilities Support Agreement.¹ The Transmission Capacity Charge is designed based on the unpredictable and intermittent nature of the service; an annual minimum transmission charge is included to recover the costs associated with a minimum capacity planning threshold.

Under the Facilities Support Agreement, Commonwealth will own, operate, and maintain certain substation, overhead, and underground facilities necessary for the delivery of emergency back-up power to Entergy's shutdown transformer. Certain of the facilities are common facilities for use in delivering power over the Company's distribution system to retail customers in the Plymouth region, including to Entergy (e.g., Manomet Substation). On the other hand, the underground facilities are designed primarily for the delivery of emergency back-up power to Entergy's shutdown transformer (these facilities are required to be maintained underground to meet Entergy's requirements from the NRC).

The charges to Entergy under the Facilities Support Agreement are designed to recover the Company's costs for maintaining the necessary facilities. Charges to Entergy for common facilities are based on the pro rata share of Entergy's back-up capacity, as determined under the Agreement for Emergency Back-Up Service, compared to the Company's annual peak load over the same facilities. If the underground facilities are no longer necessary, Entergy may elect to have the facilities abandoned with a payment to the Company of its unrecovered costs associated with the facilities.

Conclusion

The agreements filed herewith set forth the requirements for the Company's delivery of emergency power for the shut-down/start-up requirements for Pilgrim. The pricing under the agreements reflects the specific features of the

¹ If the Facilities Support Agreement is terminated and the Agreement for Emergency Back-Up Service remains in effect, the parties agree to an amendment to include a Distribution Charge in the Emergency Back-Up Service (see Agreement for Emergency Back-Up Service, § 6.3.J).

Mary L. Cottrell, Secretary
April 1, 2002
Page 4

service to Entergy, and it meets the marginal cost test. Commonwealth requests that the Department approve the agreements in an expeditious manner.

The Company would be pleased to provide additional information upon request. If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,


John Cope-Flanagan

Attachments

cc: Ronald LeComte, Director, Electric Power Division
Kevin Brannelly, Director, Rates and Revenue Requirements Division
Paul Afonso, General Counsel
Joseph Rogers, Assistant Attorney General

AGREEMENT FOR EMERGENCY BACK-UP SERVICE

This Agreement for Emergency Back-Up Service (the “Agreement”) is made this 15th day of November 2001, by and between Commonwealth Electric Company d/b/a NSTAR Electric, a Massachusetts corporation having a place of business at 800 Boylston Street, Boston, Massachusetts 02199 (“NSTAR Electric”), and Entergy Nuclear Generation Company, a Delaware corporation having a place of business at 600 Rocky Hill Road, Plymouth, Massachusetts 02360 (“Entergy Nuclear”). NSTAR Electric and Entergy Nuclear are referred to individually as a “Party,” and collectively as the “Parties.”

ARTICLE I: DESCRIPTION OF SERVICE

- 1.1 Entergy Nuclear is the owner and operator of the Pilgrim Nuclear Power Station, a nuclear electric generating facility located in Plymouth, Massachusetts (“Pilgrim Station”). Pilgrim Station is located within the service territory of NSTAR Electric, and NSTAR Electric agrees, subject to the terms set forth in this Agreement, to provide Entergy Nuclear with Emergency Back-Up Service. Service under this Agreement will be provided at the 23 kilovolt (“KV”) level to supply Pilgrim Station’s electric power requirements for Entergy Nuclear’s shutdown transformer during an emergency start-up or shutdown event (“Emergency Back-Up Service”).
- 1.2 NSTAR Electric and Entergy Nuclear are successors to a service agreement made as of December 1, 1977, pursuant to which NSTAR Electric provides various electric services to Pilgrim Station, including facilities support, distribution service, back-up service, and wheeling service for emergency shut-down/start-up power (the “1977 Agreement”).
- 1.3 NSTAR Electric and Entergy Nuclear are parties to the certain Facilities Support Agreement of even date herewith pursuant to which NSTAR Electric agrees to own, operate, and maintain certain facilities for the delivery of emergency shut-down/start-up power to Pilgrim Station (the “Facilities Support Agreement”).
- 1.4 NSTAR Electric agrees to supply Entergy Nuclear with a maximum quantity of Emergency Back-Up Service for Pilgrim Station to be referred to as the Back-Up Capacity. NSTAR Electric and Entergy Nuclear agree that the initial Back-Up Capacity to be supplied by NSTAR Electric is 4,700 Kilowatts (“KW”). The Back-Up Capacity shall be subject to adjustment pursuant to Article II of this Agreement.
- 1.5 NSTAR Electric’s Terms and Conditions – Distribution Service, as they may be in effect from time to time (“Terms and Conditions”), are incorporated by reference and made a part of this Agreement. In the event of any inconsistency or conflict between the terms of any incorporated document and this Agreement, the terms of this Agreement will govern.

ARTICLE II: DETERMINATION OF BACK-UP CAPACITY

- 2.1 On or before November 1st in each calendar year, Entergy Nuclear shall advise NSTAR Electric, in writing and in detail sufficient for NSTAR Electric to implement this Agreement during the next calendar year, Entergy Nuclear’s total requirements for Back-Up Capacity (the “Annual Notice”).

- 2.2 NSTAR Electric shall review such Annual Notice and advise Entergy Nuclear, within thirty (30) days of receipt thereof, in writing as to NSTAR Electric's ability to provide such Back-Up Capacity in accordance with good utility practice, taking into account the capability, the condition, and NSTAR Electric's expected use of its electric distribution facilities necessary to provide service under this Agreement.
- 2.3 In the event that NSTAR Electric shall advise Entergy Nuclear that NSTAR Electric is unable to fully satisfy Entergy Nuclear's requests as set forth in the Annual Notice, NSTAR Electric shall advise Entergy Nuclear as to the reasons for and extent of such inability. NSTAR Electric agrees to promptly negotiate in good faith with Entergy Nuclear as to the manner and extent to which NSTAR Electric can best accommodate Entergy Nuclear's requests, including *inter alia*, the negotiation of an agreement supplementary hereto in the event that further facilities are required to satisfy such requests.
- 2.4 As part of its Annual Notice, Entergy Nuclear agrees to include therein Entergy Nuclear's best estimates of its requirements for the two (2) calendar years immediately following the upcoming calendar year. Such estimates shall be for information only and shall not be binding on either Party. Although such estimates shall not be binding on either Party, NSTAR Electric agrees to promptly inform Entergy Nuclear if it anticipates any difficulty in providing the estimated requirements.

ARTICLE III: TERM

- 3.1 This Agreement shall become effective upon the date first above-written subject to: (i) approval of this Agreement by the Massachusetts Department of Telecommunications and Energy ("MDTE"); (ii) approval or acceptance by the Federal Energy Regulatory Commission of the termination of the 1977 Agreement; and (iii) installation of appropriate metering equipment required for establishing retail service to Pilgrim Station (the "Effective Date"). Thereafter, this Agreement shall continue for an initial term of one (1) year and thereafter until terminated by the giving of thirty (30) days' written notice of termination by one Party to the other.
- 3.2 The Parties agree that the 1977 Agreement shall be terminated as of the Effective Date.

ARTICLE IV: SUPPORT OF FACILITIES

- 4.1 Entergy Nuclear shall own, operate and maintain, in a manner acceptable to NSTAR Electric and solely at the cost of Entergy Nuclear, all facilities at and beyond Entergy Nuclear's side of the Delivery Points (as defined below) deemed necessary and appropriate by NSTAR Electric to receive and utilize NSTAR Electric's service under this Agreement. Maintenance of such facilities shall be subject to the review and approval of NSTAR Electric, but shall be and remain solely the obligation and responsibility of Entergy Nuclear. NSTAR Electric shall have the right to inspect and test all such facilities from time to time during the term of this Agreement.
- 4.2 Upon notification by NSTAR Electric to Entergy Nuclear that the nature of Entergy Nuclear's load is

causing any condition on NSTAR Electric's system that results in an unacceptable deterioration of the quality of electric service to other customers of NSTAR Electric, as determined solely by NSTAR Electric, Entergy Nuclear shall promptly modify its electric facilities at its own expense, or, at NSTAR Electric's option, shall reimburse NSTAR Electric for its reasonable expenses for modification of NSTAR Electric's facilities, to the extent deemed necessary by NSTAR Electric to eliminate such adverse conditions on its system.

ARTICLE V: DELIVERY

- 5.1** The Delivery Point for service to Pilgrim Station supplied by NSTAR Electric hereunder shall be Pole No. 187. Such service shall be delivered in the form of three-phase, four-wire, sixty-hertz alternating current at 23,000 volts nominal.
- 5.2** The Receipt Point for service to Pilgrim Station supplied by NSTAR Electric hereunder shall be Manomet Substation.

ARTICLE VI: RATES AND CHARGES

- 6.1** The following rates and charges shall be applied to Pilgrim Station.
- 6.2** The Back-Up Capacity for the current billing period shall be the greater of: (1) the Back-Up Capacity as adjusted from time to time pursuant to Article II of this Agreement or (2) the maximum 15-minute demand upon NSTAR Electric's system for Emergency Back-Up Service in KVA, established in the peak period of the current billing month. The peak period shall be as defined in NSTAR Electric's Large General Time-of-use Rate G-3 currently M.D.T.E. No. 480 and as in effect from time to time.
- 6.3** Emergency Back-Up Service charges per month shall be the sum of the charges described in items A through G of this Section 6.3:

A. Administrative Charge: \$270.00

B. Customer Charge: \$900.00

C. Distribution Charge: \$0.00

D. Transmission Capacity Charge:

The Transmission Capacity Charge shall be \$0.12 per KVA times the sum of the daily maximum 15-minute KVA back-up demands established during the peak period of the billing month.

However, the minimum monthly charge for Transmission Capacity shall not be less than \$0.27 per KW multiplied by the maximum Back-Up Capacity.

E. Transition Charge:

The Transition Charges per KVA applicable to the sum of the daily maximum 15-minute KVA back-up demands established during the peak period of the billing month are as follows:

<u>Billing Month</u>	<u>Charge</u>
January, July, August, December	\$1.87
Remaining months	\$0.40

F. Supplier Service (Optional):

Entergy Nuclear may secure power supply from alternative supplier

Default Service:

Per Default Service Tariff currently M.D.T.E. No. 489, as in effect from time to time

G. Other Charges:

Emergency Back-Up Service is subject to NSTAR Electric's Transition Cost Adjustment currently M.D.T.E. No. 380, Transmission Service Cost Adjustment currently M.D.T.E. No. 381, Energy Efficiency Charge currently M.D.T.E. No. 382, Renewable Energy Charge currently M.D.T.E. No. 383 and Default Service Adjustment currently M.D.T.E. No. 387, each as in effect from time to time.

H. Charges in Paragraphs C. and D. above are subject to change from time to time in accordance with MDTE approval of the NSTAR Electric's Marginal Cost Study.

I. Transition Charge Adjustment:

The Transition Charges applicable to service under this Agreement as set forth in Section 6.3 E shall be adjusted from time to time in proportion to (i) the ratio of NSTAR Electric's current average transition charge per kilowatt-hour ("kWh") applicable to retail rate schedules as on file with the MDTE and (ii) a factor of \$0.03030 per kWh.

J. Distribution Charge Revision

In the event that the Facilities Support Agreement is terminated and this Agreement remains in effect, the Parties agree that this Agreement shall be amended to include a Distribution Charge applicable to the service supplied by NSTAR Electric under this Agreement. Notwithstanding the foregoing, this Agreement shall terminate concurrently with the termination of the Facilities Support Agreement, if the Parties have not agreed

upon an applicable Distribution Charge under this Agreement on or before the termination of the Facilities Support Agreement.

ARTICLE VII: BILLING AND PAYMENTS

- 7.1 All bills rendered hereunder are net and payable upon presentation. Any bill not paid within twenty-five (25) days from the date issued shall be subject to a late payment charge at the rate of one and one-half percent (1 ½%) per month on the unpaid balance from the date issued until the date of payment. Such late payment charge and terms of payment shall be modified as necessary to comport with NSTAR Electric's Terms and Conditions.
- 7.2 If Entergy Nuclear in good faith disputes any portion of a bill, it may withhold the disputed amount, but will pay when due such amounts as it acknowledges to be correct. If Entergy Nuclear withholds payment of a disputed amount, it will within fourteen (14) business days of the disputed invoice provide to NSTAR Electric, in writing, notice of the amount in dispute and an explanation of why Entergy Nuclear does not believe such amount to be payable. When it is ultimately determined how much of the disputed amount is owed by Entergy Nuclear to NSTAR Electric, that amount, plus interest as determined in Section 7.1 above, will be payable immediately upon such determination. The Parties will use reasonable efforts to resolve the issues raised by billing disputes.

ARTICLE VIII: METERS AND METERING

- 8.1 NSTAR Electric shall supply, own and maintain the meters and related equipment it deems necessary to measure electricity supplied to Pilgrim Station. Entergy Nuclear agrees to supply one or more locations at Pilgrim Station suitable to NSTAR Electric for the installation of NSTAR Electric's metering equipment, at no cost to NSTAR Electric.
- 8.2 In the event that a meter should fail to register the full amount of energy supplied or the maximum demand, NSTAR Electric may bill Entergy Nuclear on the basis of its most accurate estimates. Such estimates shall be binding upon both NSTAR Electric and Entergy Nuclear.

ARTICLE IX: FORCE MAJEURE

- 9.1 If either Party is rendered wholly or partly unable to perform its obligations under this Agreement because of a Force Majeure event, that Party shall be excused from whatever performance is affected by the Force Majeure event to the extent so affected, provided that the non-performing Party shall: (i) provide prompt notice to the other Party of the occurrence of the Force Majeure event giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder and submitting reasonable evidence of the existence of the Force Majeure event; (ii) exercise all reasonable efforts to continue to perform its obligations hereunder; (iii) expeditiously take action to correct or cure the Force Majeure event and submit reasonable evidence that it is

making all reasonable efforts to correct or cure the Force Majeure event; (iv) exercise all reasonable efforts to mitigate or limit damages to the other Party to the extent such action shall not adversely affect its own interests; and (v) provide prompt notice to the other Party of the cessation of the Force Majeure event. Nothing contained herein shall be construed so as to require either Party to settle any strike, lockout, work stoppage or any industrial disturbance or dispute in which it may be involved, or to seek review of or take an appeal from any administrative or judicial action.

- 9.2** As used herein, the term “Force Majeure” shall mean the failure or imminent threat of failure of facilities or equipment, flood, freeze, earthquake, storm, fire, lightning, other acts of God, epidemic, war, acts of a public enemy, riot, civil disturbance or disobedience, strike, lockout, work stoppages, other industrial disturbance or dispute, sabotage, restraint by court order or other public authority, and action or non-action by, or failure or inability to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by the exercise of due diligence such Party could not reasonably have been expected to avoid and by exercise of due diligence its effect can not be overcome. In no event shall the lack of funds or an inability to obtain funds be a Force Majeure event.
- 9.3** Notwithstanding the foregoing, an event of Force Majeure shall not include (i) mere economic hardship or (ii) non-compliance with applicable law.
- 9.4** Whenever the integrity of NSTAR Electric’s system or the supply of electricity is believed to be threatened by conditions on NSTAR Electric’s system or upon the systems with which it is directly or indirectly interconnected, NSTAR Electric may, in its sole judgment, curtail, or interrupt electric service or reduce voltage to Entergy Nuclear and such action shall not be construed to constitute a default hereunder; provided that NSTAR Electric shall use diligent efforts to overcome the cause of such curtailment, interruption, or reduction and to resume full performance hereunder. NSTAR Electric will use its best efforts to promptly notify Entergy Nuclear’s Pilgrim Station operators in the event that NSTAR Electric has curtailed or interrupted electric service or reduced voltage, as contemplated by this paragraph. Such notice, where possible, will be given in advance of such interruption, curtailment, or reduced voltage.

ARTICLE X: DEFAULT

- 10.1** A breach of this Agreement (“Breach”) shall occur upon the failure by a Party to perform or observe any material term or condition of this Agreement. A default of this Agreement (“Default”) shall occur upon the failure of a Party in Breach of this Agreement to cure such Breach in accordance with the provisions of Section 10.3.

10.2 A Breach of this Agreement shall include:

- (a) The failure to pay amounts due and payable within thirty (30) days of when due and payable;
- (b) The failure to comply with any material term or condition hereunder, including but not limited to any material Breach of a representation, warranty or covenant made in this Agreement, and such failure is not excused by Force Majeure;
- (c) A Party's making an assignment or general arrangement for the benefit of creditors, filing a petition, or otherwise commencing any proceeding, in bankruptcy or under similar law, otherwise becoming bankrupt (however evidenced) or being unable to pay its debts as they fall due; or
- (d) Assignment of this Agreement in a manner inconsistent with the terms of this Agreement.

10.3 Upon the occurrence of an event of Breach, the Party not in Breach (hereinafter the "Non-Breaching Party"), when it becomes aware of the Breach, shall give written notice of the Breach to the Party that has committed the Breach (the "Breaching Party") and to any other person a Party to this Agreement identifies in writing to the other Party in advance. Such notice shall set forth, in reasonable detail, the nature of the Breach, and where known and applicable, the steps necessary to cure such Breach. Upon receiving written notice of the Breach hereunder, the Breaching Party shall have thirty (30) days to cure such Breach. In the event the Breaching Party fails to cure the Breach within thirty (30) days of becoming aware of the Breach, the Breaching Party will be in Default of the Agreement.

10.4 Notwithstanding the foregoing, upon the occurrence of an event of Default, the non-Breaching Party shall be entitled to (i) commence an action to require the Breaching Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; (ii) serve notice on the Breaching Party that it is terminating this Agreement as of a specified date, provided however, that such termination shall not relieve either Party of any of its liabilities and obligations arising hereunder prior to the date termination becomes effective; and/or (iii) exercise such other rights and remedies as it may have in equity or at law.

ARTICLE XI: LIABILITIES

11.1 Neither NSTAR Electric nor Entergy Nuclear will be liable to the other or any party claiming through the other for special, consequential, incidental, punitive damages or lost profits.

11.2 In no event shall NSTAR Electric's liability hereunder whether based in contract, warranty, tort (including negligence), strict liability, or otherwise exceed the charges actually paid to it by Entergy Nuclear under this Agreement over the most recent 12-month period.

11.4 Either Party for itself and on behalf of its officers, employees, owners, agents, affiliates, and

customers shall indemnify, defend, and hold the other Party and its officers, employees, directors, agents, and affiliates and their officers, employees, directors, and agents harmless from any and all suits, claims, actions, debts, losses, liability, damages or expenses, legal fees, awards, or judgments arising from either Party's breach hereof.

- 11.5** Entergy Nuclear shall defend and hold harmless NSTAR Electric from any claims by third parties or any damages to Pilgrim Station by reason of this Agreement or any services performed or undertaken to be performed by NSTAR Electric under this Agreement, which claims or damages are due to a "nuclear incident" as that term is defined in the Atomic Energy Act of 1954, as amended.

ARTICLE XII: PUBLIC REGULATION

- 12.1** NSTAR Electric is a public utility subject to regulation by the MDTE. Compliance by NSTAR Electric with any order or rule of the MDTE or any other regulatory or legislative authority with jurisdiction shall not constitute a breach hereof.
- 12.2** In the event the issuance of any order or rule of the MDTE or any other regulatory or legislative authority with jurisdiction that materially and adversely affects the rights and obligations of either Party to this Agreement, then the affected Party may give written notice to the other requiring renegotiation of the terms and conditions of the Agreement and the Parties shall negotiate in good faith an amendment to this Agreement that remedies such material and adverse effect and that is in compliance with the order or rule. Should the Parties fail to agree on such amendment to this Agreement within sixty (60) days of the issuance of the order or rule, the affected Party may terminate this Agreement upon providing written notice to the other.

ARTICLE XIII: DISPUTES

- 13.1** Any claim or dispute that either Party may have against the other arising out of this Agreement shall be submitted in writing to the other Party not later than the latter of sixty (60) days after the circumstances that gave rise to the claim or dispute have taken place or sixty (60) days after discovery of such circumstances. The submission of any claim or dispute shall include a concise statement of the question or issue in dispute, together with relevant facts and documentation to fully support the claim. Upon such submission, the Parties shall use their best efforts to resolve the claim or dispute through good faith negotiations. If, after sixty (60) days from such submission, the Parties have failed to negotiate a resolution to the claim or dispute, either Party may proceed to submit such claim or dispute for decision by a court or regulatory authority of competent jurisdiction.

ARTICLE XIV: NOTICES

- 14.1** All notices and other communications between the Parties, unless otherwise specifically provided, shall be in writing and deemed to have been duly given when delivered in person or telecopied or delivered by overnight courier, with postage prepaid, addressed as follows:

If to NSTAR Electric:

Attention:	Douglas S. Horan	John Cope-Flanagan
	NSTAR Electric	NSTAR Electric & Gas Corporation
	800 Boylston Street	800 Boylston Street
	Boston, MA 02199	Boston, MA 02199
	Direct: (617) 424-2635	Direct: (617) 424-2103
	Fax: (617) 424-2421	Fax: (617) 424-2733
	Douglas_horan@nstaronline.com	john_cope-flanagan@nstaronline.com

If to Entergy Nuclear:

Attention: Robert M. Bellamy
Entergy Nuclear Generation Company
600 Rocky Hill Road
Plymouth, MA 02360
Telephone: (508) 830-8990
Fax: (508) 830-8767
Rbellam@Entergy.com

ARTICLE XV: ASSIGNMENT

- 15.1** This Agreement may be assigned by either Party, without the consent of the other, to an affiliate or any other company that shall succeed an original Party by purchase, merger, consolidation, or other transfer of substantially all assets of the original Party (such an affiliate or a successor company to an original Party referred to hereinafter as a "Successor" to such Party). The assignment shall not act to discharge the liability of the assigning Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Otherwise, neither Party shall assign this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld.

ARTICLE XVI: MISCELLANEOUS PROVISIONS

- 16.1** This Agreement may not be modified or amended except in writing signed by or on behalf of the Parties by their duly authorized officers.

- 16.2** This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof, and all previous agreements, discussions, communications and correspondence with respect to the subject matter hereof are superseded by the execution of this Agreement.
- 16.3** NSTAR ELECTRIC MAKES NO WARRANTY REGARDING ELECTRIC SERVICE EXCEPT AS EXPRESSLY PROVIDED HEREIN, AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED (INCLUDING, BUT NOT BY WAY OF LIMITATION, ANY IMPLIED WARRANTIES OF DESIGN, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE), ARE HEREBY EXPRESSLY EXCLUDED. IN NO EVENT SHALL NSTAR ELECTRIC, OR ITS OFFICERS, AGENTS OR EMPLOYEES BE LIABLE UNDER OR IN CONNECTION WITH THIS AGREEMENT UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY, OR OTHER LEGAL OR EQUITABLE THEORY FOR LOST EARNINGS OR PROFITS OR ANY OTHER SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES.
- 16.4** Each Party shall promptly notify the other of any action, circumstance, condition, or reasonably likely potential occurrence that might have a material effect on the ability of such Party to perform its intended obligations under this Agreement.
- 16.5** No course of dealing between Entergy Nuclear and NSTAR Electric, nor any failure to exercise, nor any delay in exercising, on the part of any Party, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Each of Entergy Nuclear's and NSTAR Electric's respective rights and remedies with respect to any breach of or default by the other Party under this Agreement, whether established by this Agreement or by law, shall be cumulative and may be exercised singularly or concurrently.
- 16.6** If any provision of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use their best efforts to modify or reform this Agreement so as to effect the original intent of the Parties as closely as possible with respect to the provisions that were held to be invalid or unenforceable.
- 16.7** The titles and captions to each of the various sections in this Agreement are included for convenience or reference only and shall have no effect on, or be deemed as part of, the text of this Agreement.
- 16.8** This Agreement may be executed in any number of counterparts with the same effect as if both Parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

- 16.9** This Agreement shall be governed by and construed, interpreted, and performed in accordance with the laws of the Commonwealth of Massachusetts, except for the conflict of laws provisions thereof that would refer a party to the laws of another jurisdiction.
- 16.10** The Parties hereto agree that any actions, suits, or claims with respect to this Agreement shall be brought in a federal or state court located in the Commonwealth of Massachusetts or before the MDTE, if appropriate.
- 16.11** This Agreement is expressly made subject to all applicable statutes and/or regulations of any governmental body having jurisdiction over the subject matter hereof.
- 16.12** This Agreement is not intended to modify or affect any rights or responsibilities of the Parties pursuant to agreements between NSTAR Electric and Entergy Nuclear for purchase of capacity and energy from Pilgrim Station, and is intended solely for the purpose stated above in Article I to provide Pilgrim Station with Emergency Back-Up Service.
- 16.13** The price to be paid for electricity hereunder and all other terms hereof shall be subject to review and determination by the MDTE under applicable statutes of the Commonwealth of Massachusetts or regulations of the MDTE.
- 16.14** Any and all equipment or facilities furnished by NSTAR Electric hereunder, unless specified otherwise, shall be and remain the property of NSTAR Electric, and, if placed on the property of Entergy Nuclear, Entergy Nuclear shall be responsible for the safekeeping of the same, and further Entergy Nuclear shall make reasonable efforts to protect the same from damage or interference.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized as of the day and year first above-written.

COMMONWEALTH ELECTRIC COMPANY

By: s/Douglas S. Horan
Douglas S. Horan
Senior Vice President

ENTERGY NUCLEAR GENERATION COMPANY

By: s/Robert M. Bellamy
Robert M. Bellamy
Site Vice President

ATTACHMENT 1

FACILITIES SUPPORT AGREEMENT

FACILITIES SUPPORT AGREEMENT

This Facilities Support Agreement (the "Agreement") is made this 15th day of November 2001, by and between Commonwealth Electric Company d/b/a NSTAR Electric, a Massachusetts Corporation having a place of business at 800 Boylston Street, Boston, Massachusetts 02199 ("NSTAR Electric"), and Entergy Nuclear Generation Company, a Delaware corporation having a place of business at 600 Rocky Hill Road, Plymouth, Massachusetts 02360 ("Entergy Nuclear"). NSTAR Electric and Entergy Nuclear are referred to individually as a "Party," and collectively as the "Parties."

WHEREAS, Entergy Nuclear is the owner and operator of a nuclear electric generating station located in Plymouth, Massachusetts ("Pilgrim Station"); and

WHEREAS, Pilgrim Station is located within an area served by NSTAR Electric; and

WHEREAS, NSTAR Electric owns, operates, and maintains distribution facilities connecting with Pilgrim Station; and

WHEREAS, NSTAR Electric and Entergy Nuclear are parties to the certain Agreement for Emergency Back-Up Service of even date herewith pursuant to which NSTAR Electric agrees to provide Emergency Back-Up Service for Pilgrim Station ("Emergency Back-Up Agreement"); and

WHEREAS, NSTAR Electric and Entergy Nuclear are successors to a service agreement made as of December 1, 1977, pursuant to which NSTAR Electric provides various electric services to Pilgrim Station, including facilities support, distribution service, back-up service, and wheeling service for emergency shut-down/start-up power (the "1977 Agreement"); and

WHEREAS, the Parties desire to reform the 1977 Agreement to provide, among other things, for separate terms, conditions, and charges pertaining to facilities owned, operated, and maintained by NSTAR Electric to satisfy the emergency shut-down/start-up requirements for Pilgrim Station and to satisfy Entergy Nuclear's requirement that certain facilities shall be maintained underground.

NOW, THEREFORE, in consideration of their mutual promises and covenants contained herein, NSTAR Electric and Entergy Nuclear hereby agree as follows:

Section 1. Definitions

- 1.1 Facilities Support Payment.** The sum of the Overhead Facilities Support Payment, the Underground Facilities Support Payment, and the Substation Support Payment.
- 1.2 FERC.** The Federal Energy Regulatory Commission, or its successor.

- 1.3 Force Majeure.** The failure or imminent threat of failure of facilities or equipment, flood, freeze, earthquake, storm, fire, lightning, other acts of God, epidemic, war, acts of a public enemy, riot, civil disturbance or disobedience, strike, lockout, work stoppages, other industrial disturbance or dispute, sabotage, restraint by court order or other public authority, and action or non-action by, or failure or inability to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by the exercise of due diligence such Party could not reasonably have been expected to avoid and by exercise of due diligence its effect can not be overcome. In no event shall the lack of funds or an inability to obtain funds be a Force Majeure event.
- 1.4 Good Utility Practice.** Any of the practices, methods and acts engaged in or approved by a significant proportion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of acceptable practices, methods or acts.
- 1.5 MDTE.** The Massachusetts Department of Telecommunications and Energy, or its successor.
- 1.6 NEPOOL.** The New England Power Pool and its successors and assigns.
- 1.7 Overhead Facilities.** Certain parts of NSTAR Electric's distribution system installed overhead at Circuit 72, including the terminal facilities thereof located at the Manomet Substation, running north from Manomet Substation to Pilgrim Station, as shown schematically on Attachment A hereto, and as such facilities are upgraded, replaced, and repaired from time to time.
- 1.8 Overhead Facilities Support Payment.** Payment applicable to Overhead Facilities as set forth in Section 4.1.
- 1.9 Substation Common Facilities.** Shall include: the Manomet Substation and all of the facilities installed thereat or at other locations to control or monitor such substation; any portion of the 115 kilovolt ("KV") Pilgrim Circuit located within the Manomet Substation and owned, operated, and maintained by Entergy Nuclear; the 23KV terminal facilities of Circuit No. 72 located at the Manomet Substation; or those facilities thereof that are directly attributable to serving NSTAR Electric's own retail customers in the vicinity; and as all such facilities are upgraded, replaced, and repaired from time to time.

The Substation Common Facilities are divided into two sub-categories:

- (A) Those related to 23KV service, including, inter alia: the 115/23KV transformer and its related control, relaying, and protective devices; the 115KV terminal structure and its 115KV circuit switched; 23KV main oil breaker and associated control and relaying devices; the share of land, grading, fencing, and control house; and other facilities properly allocable thereto; and
- (B) Those relating to 115KV service, including, inter alia: the 115KV bus, disconnects, and oil breaker and associated control and relaying devices; and share of land, grading, fencing, and control house; and other facilities properly allocable thereto.

- 1.10 **Substation Support Payment.** Payment applicable to the Substation Common Facilities located at NSTAR Electric's Manomet Substation as set forth in Section 4.3.
- 1.11 **Underground Facilities.** Certain parts of NSTAR Electric's distribution system installed underground at Circuit 71 and Circuit 72, as shown schematically on Attachment A hereto, and as such facilities are upgraded, replaced, and repaired from time to time.
- 1.12 **Underground Facilities Support Payment.** Payment applicable to Underground Facilities as set forth in Section 4.2.

Section 2. Basic Considerations

- 2.1 NSTAR Electric shall own, operate, and maintain all the Substation Common Facilities, Overhead Facilities, and Underground Facilities that are the subject of this Agreement in a safe and reliable manner and in accordance with Good Utility Practice, to allow for the delivery at 23 KV of emergency shut-down/start-up power for Pilgrim Station. The Company shall upgrade, replace, and repair the Substation Common Facilities, Overhead Facilities, and Underground Facilities in accordance with Good Utility Practice in order to ensure the safe and reliable delivery of emergency shut-down/start-up power for Pilgrim Station.
- 2.2 Distribution services are provided pursuant NSTAR Electric's retail tariffs and/or separate service agreements, and transmission services are provided pursuant to NSTAR Electric's and/or NEPOOL's Open Access Transmission Tariff and potentially other transmission providers' tariffs, and not pursuant to this Agreement.

Section 3. Term

- 3.1 This Agreement shall take effect as of the day and year first above written, subject to: (i) approval of this Agreement by the MDTE; (ii) approval or acceptance by FERC of the termination of the 1977 Agreement; and (iii) installation of appropriate metering equipment required for establishing retail service to Pilgrim Station (the "Effective Date"). Thereafter, this Agreement shall continue in full force and effect unless terminated by either Party upon one (1) years' advance written notice to the other Party.
- 3.2 The Parties agree that the 1977 Agreement shall be terminated as of the Effective Date.
- 3.3 If this Agreement is terminated by NSTAR Electric, all payment obligations by Entergy Nuclear to NSTAR Electric under this Agreement, subsequent to the effective date of such termination (including payments in regard to the premature abandonment of option provided for in Section 6 herein), shall cease as of such termination date.
- 3.4 If this Agreement is terminated by Entergy Nuclear, the provisions of Section 6 herein shall apply and Entergy Nuclear shall be deemed to have elected abandonment thereunder of the Underground Facilities.
- 3.5 This Agreement may be terminated upon a Party's Default in accordance with the provisions of Section 8.
- 3.6 The applicable provisions of this Agreement shall continue in effect after expiration, cancellation, or termination hereof to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.
- 3.7 In the event of the expiration or termination of this Agreement for whatever reason, Section 9 shall survive such expiration or termination.

Section 4. Facilities Support Payments

- 4.1 Entergy Nuclear agrees to make Overhead Facilities Support Payments to NSTAR Electric equal to its pro rata share of the carrying charges applicable to the Overhead Facilities. Entergy Nuclear's pro rata share shall be a fraction, whereby the numerator shall be the Back-Up Capacity and the denominator shall be an amount in kilowatts ("kw") that represents the sum of the numerator plus the amount of annual peak load normally delivered by NSTAR Electric over such portion of Circuit 72 to provide electric service to its retail customers in the

vicinity. For purposes of this Agreement, Back-Up Capacity shall have the meaning and value set forth in the Emergency Back-Up Agreement. The Overhead Facilities Support Payments are calculated as follows:

- (a) Carrying charges on Overhead Facilities shall be determined on a levelized basis, as follows:

(i) <u>Cost of Money</u>	<u>Amount</u>	<u>Rate</u>	<u>Cost</u>
Debt			
Series A	\$4,000,000	3%	\$120,000
Series B	3,060,000	2 7/8 %	87,975
Series C	4,700,000	4½ %	211,500
Series D	9,900,000	5 5/8 %	556,875
Equity	<u>22,032,510</u>	12 %	<u>2,643,901</u>
Total Cost of Money \$43,692,510			\$ 3,620,251

(ii) <u>Annual Levelized Carrying Charge Rate</u>	<u>Percent (%)</u>
Cost of Money	5.62
Income and Franchise Taxes	2.65
Depreciation	3.30
Local Taxes	1.80
Operations, Maintenance and General	<u>9.78</u>
Annual Levelized Carrying Charge Rate	23.14%

- (b) All items in Section 4.1(a)(ii) above, except the Cost of Money, shall be subject to adjustment as provided in Section 5 of this Agreement.
- (c) The Annual Levelized Carrying Charge Rate shall be applied to the Gross Investment in Overhead Facilities as per NSTAR Electric's books of account. Gross Investment in Overhead Facilities shall be the original cost of such facilities (including costs for upgrades, replacements, and major repairs that are capitalized) at the time such facilities were placed into commercial operation by NSTAR Electric or its predecessors.
- 4.2 Entergy Nuclear agrees make Underground Facilities Support Payments to NSTAR Electric equal to one hundred percent (100 %) of the carrying charges applicable to the Underground Facilities calculated as follows:

- (a) Carrying charges on Underground Facilities shall be determined on a levelized basis, as follows:

(i)	<u>Cost of Money</u>	<u>Rate</u>	<u>Ratio</u>	<u>Effective Rate</u>
	Debt	8.125 %	50 %	4.06 %
	Equity	12.000 %	50 %	6.00 %
	Total Cost of Money			10.06 %
(ii)	<u>Annual Levelized Carrying Charge Rate</u>			<u>Percent (%)</u>
	Cost of Money			6.97
	Income and Franchise Taxes			2.68
	Depreciation			3.42
	Local Taxes			1.80
	Operations, Maintenance and General			9.78
	Annual Levelized Carrying Charge Rate			24.65%

All items in Section 4.2(a)(ii) above, except the Cost of Money, shall be subject to adjustment as provided in Section 5 of this Agreement.

- (b) The Underground Facilities Support payment shall be equal to the annual levelized carrying charge applied to the Gross Investment in Underground Facilities as per NSTAR Electric's books of account less a credit of \$26,500 representing NSTAR Electric's share of the cost of the 1250 Kcmil conductor installed for the mutual benefit of the Parties' predecessors. The Gross Investment in Underground Facilities shall be the original cost of the Underground Facilities (including costs for upgrades, replacements, and major repairs that are capitalized) at the time such facilities were placed into commercial operation by NSTAR Electric or its predecessors.

4.3 Entergy Nuclear agrees to make Substation Support Payments to NSTAR Electric for carrying charges incurred by NSTAR Electric applicable to the Substation Common Facilities calculated as follows:

- (a) Investment Return. Investment expense applicable to the subject facilities shall be determined by multiplying the Investment Base, item (h)(6), by the composite cost of capital. The composite cost of capital rate shall be based upon a capital structure consisting of 50 percent equity and 50 percent long-term debt with an annual after-tax return on equity equal to the return on common equity last allowed to NSTAR Electric by order of the MDTE (or its predecessor or successor agency), but in no event shall such return be less than 13.0 percent, and a cost of long-term debt equal to 8.80 percent per annum.

- (b) **Income Tax Expense.** Income tax expense applicable to the subject facilities shall be determined by multiplying the Investment Base, item (h)6 below, by the product of the following formula:

$[T/(1-T)] \times (\text{Equity portion of the Composite Cost of Capital Rate})$, where

T = the effective combined statutory federal income and state franchise tax rates. NSTAR Electric shall be permitted to make corrective adjustments to the federal income and state franchise tax rates to appropriately reflect changes in tax rates or to reflect any newly imposed taxes on income.

- (c) **Depreciation Expense.** Depreciation expense applicable to the subject facilities shall be computed using the average of the beginning and end-of-the-year account balances of depreciable investment and composite depreciation rates actually used by NSTAR Electric in recording depreciation expense applicable to the subject facilities in its books of account.
- (d) **Property Taxes.** Personal and real property taxes shall be the actual tax expense, as recorded on NSTAR Electric's books of account, assignable or allocable to the subject facilities.
- (e) **Operations and Maintenance and Other Expenses.** Operations and maintenance expense, including administrative and general expenses, shall be the actual expenses properly assignable or allocable to the subject facilities based upon NSTAR Electric's books of account. Such actual expenses shall be net of amortization of any investment tax credit received by NSTAR Electric and properly applicable to the subject facilities. Other expenses shall consist of any cost not provided for elsewhere herein that is appropriately assignable or allocable to the subject facilities that NSTAR Electric may incur during the term of this Agreement or that results from this Agreement. In the event that new taxes are incurred and not provided for herein, such taxes shall be includable as an item of other expense.
- (f) **Carrying Costs for Substation Common Facilities.** Carrying costs attributable to the subject facilities shall be the sum of items (a), (b), (c), (d), and (e) above.
- (g) **The Substation Support Payments** shall be determined by applying a fraction to the Carrying Costs for Substation Common Facilities, the numerator of which shall be the Back-Up Capacity, and the denominator of which shall be the sum of the numerator plus NSTAR Electric's annual peak load in KW served by the Manomet Substation (including Circuit Nos. 71, 72, and 73, plus any future outgoing 23 KV circuits that NSTAR Electric may install to be served by the Manomet Substation), plus NSTAR Electric's potential emergency demand at 23 KV on the Manomet Substation, which for this

purpose shall be defined as the annual peak service normally provided via the West Pond Substation over Circuit No. 73 (as such circuit is shown schematically in Attachment A hereto).

- (i) The determinations as to levels of NSTAR Electric's peak demand provided in item (g) above shall be measured in regard to peak load under normal operating conditions and in accordance with Good Utility Practice.
- (h) The investment base for the Substation Common Facilities shall be determined as follows:
- (1) Gross Investment in Substation Common Facilities shall be the total cost of the subject facilities as recorded on NSTAR Electric's books of account. Gross Investment in Substation Common Facilities for any calendar year shall be the average of the beginning and ending account balances for that year.
 - (2) Reserves for Accumulated Depreciation shall be the cumulative total of depreciated expense, applicable to the Gross Investment in Substation Common Facilities, recorded on NSTAR Electric's books of account as of the end of the prior calendar year.
 - (3) Reserve for Accumulated Deferred Income Taxes shall be the cumulative total of deferred income taxes applicable to the subject facilities as of the end of the prior calendar year. Deferred taxes shall be computed annually by multiplying the difference between the annual provisions for book and tax depreciation by the applicable income taxes rates. For purposes of this calculation, the book cost of depreciable property shall be used for both book and tax depreciation and the annual provision for tax depreciation shall be computed using the same life as is used to compute book depreciation, following the tax depreciation method actually used by NSTAR Electric.
 - (4) Net Investment in Substation Common Facilities shall be the Gross Investment in Substation Common Facilities as determined in (h)(1) above less reserves for accumulated depreciation and accumulated deferred income taxes, as determined in (h)(2) and (h)(3) above, respectively.
 - (5) Working Capital shall be equal to forty-five (45) days of operations and maintenance expense, including general overhead expenses, allocable to the subject facilities, plus any properly assignable or allocable inventories and prepayments.

- (6) Investment Base shall be the Net Investment in Substation Common Facilities as determined in (h)(4) above plus working capital as determined in (h)(5) above.

(i) NSTAR Electric's annual carrying charges hereunder shall be determined on a calendar-year basis, using estimates as necessary in NSTAR Electric's sole judgment, subject to adjustment as provided in Section 5 of this Agreement.

Section 5. Billing and Payment

- 5.1 NSTAR Electric Company will compute the Facilities Support Payment prospectively on or before January 1st of each calendar year, and bill that amount to Entergy Nuclear in twelve (12) even monthly installments.
- 5.2 As soon as practicable after the end of each month, NSTAR Electric will bill Entergy Nuclear for the Facilities Support Payment payable pursuant to Section 4 with respect to the particular month. Such bills will be rendered in such detail as Entergy Nuclear may reasonably request.
- 5.3 NSTAR Electric shall take reasonable efforts to review its billings to Entergy retrospectively by April 15th of the following calendar year to determine any necessary adjustments to reflect actual experience for said calendar year. The next billing or billings following such review shall include appropriate credits and/or charges, to the extent developed, to reflect such adjustments.
- 5.4 All payments shown to be due on such bill, except amounts in dispute, shall be due and payable upon receipt and as shown on the invoice ("Due Date"). Entergy Nuclear shall be deemed to have received its invoice five (5) days after the date of mailing.
- 5.5 All bills rendered hereunder are net and payable upon presentation. Any bill not paid within twenty-five (25) days from the Due Date shall be subject to a late payment charge at the rate of one and one-half percent (1 ½%) per month on the unpaid balance from the date issued until the date of payment. Such late payment charge and terms of payment shall be modified as necessary to comport with NSTAR Electric's Terms and Conditions.
- 5.6 If Entergy Nuclear in good faith disputes any portion of a bill, it may withhold the disputed amount, but will pay when due such amounts as it acknowledges to be correct. If Entergy Nuclear withholds payment of a disputed amount, it will within fourteen (14) business days of the disputed invoice provide to NSTAR Electric, in writing, notice of the amount in dispute and an explanation of why Entergy Nuclear does not believe such amount to be payable. When it is ultimately determined how much of the disputed amount is owed by Entergy Nuclear to NSTAR Electric, that amount, plus interest as determined in Section

5.5 above, will be payable immediately upon such determination. The Parties will use reasonable efforts to resolve the issues raised by billing disputes.

- 5.7 Entergy Nuclear may, at any time and at its own expense, examine the accounts and records being kept by NSTAR Electric that are pertinent to this Agreement. NSTAR Electric shall make such accounts and records available to Entergy Nuclear's authorized representatives at reasonable times for such purposes at NSTAR Electric's offices. Entergy Nuclear shall not have the right to challenge any billing hereunder after one (1) year from the date the subject bill is rendered; provided, however, that to the extent the dispute relates to retrospective adjustments to reflect actual experience, the date of the bill shall be the date upon which the bill providing such adjustment was rendered.
- 5.8 NSTAR Electric shall not have the right to revise further any billing hereunder with respect to costs that had been actually experienced after one (1) year from the date that retrospective adjustments to reflect such actual experience were billed.

Section 6. Abandonment Option

- 6.1 Entergy Nuclear may, at its election, abandon use and support of any Underground Facilities and related rights, as provided in this Agreement. Entergy Nuclear shall notify NSTAR Electric in writing, not less than six (6) months prior to the proposed abandonment date, or with less notice by mutual agreement of the Parties, of the Underground Facilities proposed to be abandoned.
- 6.2 Following receipt of such notice, NSTAR Electric shall notify Entergy Nuclear of its Unrecovered Costs of the Underground Facilities and Entergy Nuclear's pro rata share of same.
- 6.3 As used herein, the term "Unrecovered Costs of the Underground Facilities" shall mean the Gross Investment less accumulated depreciation as per NSTAR Electric's books of account of the subject Underground Facilities as of the proposed abandonment date, adjusted, if necessary to give proper recognition to any investment tax credit, net cost of removal, or salvage credit.
- 6.4 Entergy Nuclear's pro rata share shall be the 100 percent factor or fraction, as the case may be, as will be applied as of the last complete calendar month prior to Entergy Nuclear's request for abandonment.
- 6.5 Entergy Nuclear shall pay its allocable share of the Unrecovered Costs of the Underground Facilities prior to the proposed abandonment date, at which time Entergy Nuclear shall cease to bear any further responsibilities for the abandoned facilities.

- 6.6 It is understood that, following such discontinuance, further taps requiring switching equipment on the Underground facilities shall not be Entergy Nuclear's responsibility.

Section 7. Force Majeure

- 7.1 If either Party is rendered wholly or partly unable to perform its obligations under this Agreement because of a Force Majeure event, that Party shall be excused from whatever performance is affected by the Force Majeure event to the extent so affected, provided that the non-performing Party shall: (i) provide prompt notice to the other Party of the occurrence of the Force Majeure event giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder and submitting reasonable evidence of the existence of the Force Majeure event; (ii) exercise all reasonable efforts to continue to perform its obligations hereunder; (iii) expeditiously take action to correct or cure the Force Majeure event and submit reasonable evidence that it is making all reasonable efforts to correct or cure the Force Majeure event; (iv) exercise all reasonable efforts to mitigate or limit damages to the other Party to the extent such action shall not adversely effect its own interests; and (v) provide prompt notice to the other Party of the cessation of the Force Majeure event. Nothing contained herein shall be construed so as to require either Party to settle any strike, lockout, work stoppage or any industrial disturbance or dispute in which it may be involved, or to seek review of or take an appeal from any administrative or judicial action.
- 7.2 Notwithstanding the foregoing, an event of Force Majeure shall not include (i) mere economic hardship or (ii) non-compliance with applicable law.
- 7.3 Whenever the integrity of NSTAR Electric's system or the supply of electricity is believed to be threatened by conditions on NSTAR Electric's system or upon the systems with which it is directly or indirectly interconnected, NSTAR Electric may, in its sole judgment, curtail, or interrupt electric service or reduce voltage to Entergy Nuclear and such action shall not be construed to constitute a default hereunder; provided that NSTAR Electric shall use diligent efforts to overcome the cause of such curtailment, interruption, or reduction and to resume full performance hereunder. NSTAR Electric will use its best efforts to promptly notify Entergy Nuclear's Pilgrim Station operators in the event that NSTAR Electric has curtailed or interrupted electric service or reduced voltage, as contemplated by this paragraph. Such notice, where possible, will be given in advance of such interruption, curtailment, or reduced voltage.

Section 8. Default

- 8.1 A breach of this Agreement ("Breach") shall occur upon the failure by a Party to perform or observe any material term or condition of this Agreement. A default of this Agreement ("Default") shall occur upon the failure of a Party in Breach of this Agreement to cure such Breach in accordance with the provisions of Section 8.3.
- 8.2 A Breach of this Agreement shall include:
- (a) The failure to pay amounts due and payable within thirty (30) days of when due and payable;
 - (b) The failure to comply with any material term or condition hereunder, including but not limited to any material Breach of a representation, warranty or covenant made in this Agreement, and such failure is not excused by Force Majeure;
 - (c) A Party's making an assignment or general arrangement for the benefit of creditors, filing a petition, or otherwise commencing any proceeding, in bankruptcy or under similar law, otherwise becoming bankrupt (however evidenced) or being unable to pay its debts as they fall due; and
 - (d) Assignment of this Agreement in a manner inconsistent with the terms of this Agreement.
- 8.3 Upon the occurrence of an event of Breach, the Party not in Breach (hereinafter the "Non-Breaching Party"), when it becomes aware of the Breach, shall give written notice of the Breach to the Party that has committed the Breach (the "Breaching Party") and to any other person a Party to this Agreement identifies in writing to the other Party in advance. Such notice shall set forth, in reasonable detail, the nature of the Breach, and where known and applicable, the steps necessary to cure such Breach. Upon receiving written notice of the Breach hereunder, the Breaching Party shall have thirty (30) days to cure such Breach. In the event the Breaching Party fails to cure the Breach within thirty (30) days of becoming aware of the Breach, the Breaching Party will be in Default of the Agreement.
- 8.4 Notwithstanding the foregoing, upon the occurrence of an event of Default, the Non-Breaching Party shall be entitled to (i) commence an action to require the Breaching Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; (ii) serve notice on the Breaching Party that it is terminating this Agreement as of a specified date, provided however, that such termination shall not relieve either Party of any of its liabilities and obligations arising hereunder prior to the date

termination becomes effective; and/or (iii) exercise such other rights and remedies as it may have in equity or at law.

Section 9. Liabilities

- 9.1** Entergy Nuclear shall indemnify and hold harmless NSTAR Electric, its affiliates, and the officers, directors, employees, agents, and representatives of each of such parties (hereinafter collectively called the "NSTAR Electric Indemnified Parties") from and against the Claims and Actions (as defined in Section 9.3 below), and upon demand by NSTAR Electric, shall protect and defend the NSTAR Electric Indemnified Parties from the same, alleged, asserted, or suffered by or arising in favor of any party, and shall pay any and all judgments or settlements of any kind or nature (to include interest) as well as court costs, attorneys' fees, and expenses, and any expenses incurred in enforcing this indemnity provision, incurred by, imposed upon, or rendered against one or more of the NSTAR Electric Indemnified Parties on account of injuries (including death) to any person or damage to or destruction of any property, sustained or alleged to have been sustained in connection with or arising out of or incidental to the maintenance, operation, replacement, and ownership, of the Underground Facilities, whether based on contract, or tort, or pursuant to any statute, rule or regulation, and regardless of whether the Claims and Actions are foreseeable or unforeseeable, all to the extent that such Claims and Actions result from Entergy Nuclear's (i) breach of contract, (ii) negligence, (iii) gross negligence, or (iv) willful misconduct, provided that Entergy Nuclear shall not be obligated to indemnify or hold harmless NSTAR Electric from and against any Claims and Actions that result from the breach of contract, negligence, gross negligence, or willful misconduct of any NSTAR Electric Indemnified Party.
- 9.2** To the extent not inconsistent with Section 9.1 above, the NSTAR Electric shall indemnify and hold harmless Entergy Nuclear, its affiliates, and the officers, directors, employees, agents, and representatives of each of such parties (hereinafter collectively called the "Entergy Nuclear Indemnified Parties") from and against the Claims and Actions (as defined in Section 9.3 below), and upon demand by Entergy Nuclear shall protect and defend the Entergy Nuclear Indemnified Parties from the same, alleged, asserted, or suffered by or arising in favor of any party, and shall pay any and all judgments or settlements of any kind or nature (to include interest) as well as court costs, attorneys' fees, and expenses, and any expenses incurred in enforcing this indemnity provision, incurred by, imposed upon, or rendered against one or more of the Entergy Nuclear Indemnified Parties on account of injuries (including death) to any person or damage to or destruction of any property, sustained or alleged to have been sustained, in connection with or arising out of or incidental to the maintenance, operation, replacement, and ownership of the Underground Facilities, whether based on contract, or tort, or pursuant to any statute, rule or regulation, and regardless of whether the Claims and Actions are foreseeable or unforeseeable all

to the extent that such Claims and Actions result from NSTAR Electric's (i) breach of contract, (ii) negligence, (iii) gross negligence, or (iv) willful misconduct, provided that NSTAR Electric shall not be obligated to indemnify or hold harmless Entergy Nuclear from and against any Claims and Actions that result from the breach of contract, negligence, gross negligence, or willful misconduct of any Entergy Nuclear Indemnified Party.

- 9.3** As used herein, the term "Claims and Actions" shall mean any and all direct or indirect claims, demands, actions, causes of action, suits, right of recovery for any relief or damages, debts, accounts, damages, costs, losses, liabilities, and expenses (including, without limitation, interest, court costs, attorneys' fees, and expenses, and other costs of defense), of any kind or nature.
- 9.4** Entergy Nuclear shall defend and hold harmless the NSTAR Electric Indemnified Parties from any Claims and Actions by third parties or any damages to Pilgrim Station by reason of this Agreement or any services performed or undertaken to be performed by Entergy Nuclear under this Agreement, which Claims and Actions or damages are due to a "nuclear incident" as that term is defined in the Atomic Energy Act of 1954, as amended.
- 9.5** In the event that any statute or rule of law shall be held applicable to any indemnity clause in favor of one or more of the NSTAR Electric Indemnified Parties, or the Entergy Nuclear Indemnified Parties, as the case may be, that would render void, voidable, or unenforceable any such indemnity clause as to any Party by reason of any provisions contained therein, then, and in only such event, such indemnity clause shall be deemed modified and read, construed, and enforced as to such Party with respect to the provisions held to violate the statute or rule of law to require indemnity by the indemnifying party to the fullest extent required by such indemnity provision modified and limited only to the degree or extent necessary to bring such indemnity into compliance with such statute or rule of law, but otherwise, the indemnity shall remain in full force and effect and binding upon the Parties hereto.
- 9.6** Neither NSTAR Electric nor Entergy Nuclear will be liable to the other or any party claiming through the other for special, consequential, incidental, punitive damages, or lost profits.

Section 10. Public Regulation

- 10.1** NSTAR Electric is a public utility subject to regulation by the MDTE. Compliance by NSTAR Electric with any order or rule of the MDTE or any other regulatory or legislative authority with jurisdiction shall not constitute a breach hereof.

- 10.2 In the event the issuance of any order or rule of the MDTE or any other regulatory or legislative authority with jurisdiction that materially and adversely affects the rights and obligations of either party to this Agreement, then the affected Party may give written notice to the other requiring renegotiation of the terms and conditions of the Agreement and the Parties shall negotiate in good faith an amendment to this Agreement that remedies such material and adverse effect and that is in compliance with the order or rule. Should the Parties fail to agree on such amendment to this Agreement within sixty (60) Days of the issuance of the order or rule, the affected Party may terminate this Agreement upon providing written notice to the other.

Section 11. Disputes

- 11.1 Any claim or dispute that either Party may have against the other arising out of this Agreement shall be submitted in writing to the other Party not later than the latter of sixty (60) days after the circumstances that gave rise to the claim or dispute have taken place or sixty (60) days after discovery of such circumstances. The submission of any claim or dispute shall include a concise statement of the question or issue in dispute, together with relevant facts and documentation to fully support the claim. Upon such submission, the Parties shall use their best efforts to resolve the claim or dispute through good faith negotiations. If, after sixty (60) days from such submission, the Parties have failed to negotiate a resolution to the claim or dispute, either Party may proceed to submit such claim or dispute for decision by a court or regulatory authority of competent jurisdiction.

Section 12. Notices

- 12.1 All notices and other communications between the Parties, unless otherwise specifically provided, shall be in writing and deemed to have been duly given when delivered in person or telecopied or delivered by overnight courier, with postage prepaid, addressed as follows:

If to NSTAR Electric:

Attention: Douglas S. Horan
NSTAR Electric
800 Boylston Street
Boston, MA 02199
Telephone: (617) 424-2635
Fax: (617) 424-2421
Douglas_horan@nstaronline.com

- and to -

John Cope-Flanagan
Assistant General Counsel
NSTAR Electric & Gas Corporation
800 Boylston Street
Boston, MA 02199
Telephone: (617) 424-2103
Fax: (617) 424-2733
John cope-flanagan@nstaronline.com

If to Entergy Nuclear:

Attention: Robert M. Bellamy
Entergy Nuclear Generation Company
600 Rocky Hill Road
Plymouth, MA 02360
Telephone: (508) 830-8990
Fax: (508) 830-8767
RBellam@Entergy.com

Section 13. Assignment

- 13.1 This Agreement may be assigned by either Party, without the consent of the other, to an affiliate or any other company that shall succeed an original Party by purchase, merger, consolidation, or other transfer of substantially all assets of the original Party (such an affiliate or a successor company to an original Party referred to hereinafter as a "Successor" to such Party). The assignment shall not act to discharge the liability of the assigning Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Otherwise, neither Party shall assign this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld.

Section 14. Miscellaneous

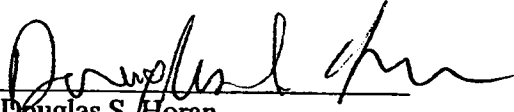
- 14.1 This Agreement may not be modified or amended except in writing signed by or on behalf of the Parties by their duly authorized officers.
- 14.2 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. The 1977 Agreement and any and all prior agreements, understandings, representations, commitments and other communications between the Parties, whether verbal or written, relating to the subject matter hereof are superseded in their entirety hereby.

- 14.3 NSTAR ELECTRIC MAKES NO WARRANTY REGARDING ELECTRIC SERVICE EXCEPT AS EXPRESSLY PROVIDED HEREIN, AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED (INCLUDING, BUT NOT BY WAY OF LIMITATION, ANY IMPLIED WARRANTIES OF DESIGN, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE), ARE HEREBY EXPRESSLY EXCLUDED. IN NO EVENT SHALL NSTAR ELECTRIC, OR ITS OFFICERS, AGENTS OR EMPLOYEES BE LIABLE UNDER OR IN CONNECTION WITH THIS AGREEMENT UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY, OR OTHER LEGAL OR EQUITABLE THEORY FOR LOST EARNINGS OR PROFITS OR ANY OTHER SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES.
- 14.4 Each Party shall promptly notify the other of any action, circumstance, condition, or reasonably likely potential occurrence that might have a material effect on the ability of such Party to perform its intended obligations under this Agreement.
- 14.5 No course of dealing between Entergy Nuclear and NSTAR Electric, nor any failure to exercise, nor any delay in exercising, on the part of any Party, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Each of Entergy Nuclear's and NSTAR Electric's respective rights and remedies with respect to any Breach of or Default by the other Party under this Agreement, whether established by this Agreement or by law, shall be cumulative and may be exercised singularly or concurrently.
- 14.6 If any provision of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use their best efforts to modify or reform this Agreement so as to effect the original intent of the Parties as closely as possible with respect to the provisions that were held to be invalid or unenforceable.
- 14.7 The titles and captions to each of the various sections in this Agreement are included for convenience or reference only and shall have no effect on, or be deemed as part of, the text of this Agreement.
- 14.8 The Parties acknowledge that recitals set forth above are an integral part of this Agreement and shall have the same contractual significance as any other language.

- 14.9** This Agreement may be executed in any number of counterparts with the same effect as if both Parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.
- 14.10** All attachments to this Agreement are incorporated into this Agreement as fully as if stated within the body of this Agreement. In the event of a conflict between this Agreement and any exhibits attached hereto, the terms of this Agreement shall override.
- 14.11** This Agreement shall be governed by and construed, interpreted, and performed in accordance with the laws of the Commonwealth of Massachusetts, except for the conflict of laws provisions thereof which would refer a party to the laws of another jurisdiction.
- 14.12** The Parties hereto agree that any actions, suits, or claims with respect to this Agreement shall be brought in a federal or state court located in the Commonwealth of Massachusetts or before the MDTE, if appropriate.
- 14.13** This Agreement is expressly made subject to all applicable statutes and/or regulations of any governmental body having jurisdiction over the subject matter hereof.
- 14.14** Nothing in this Agreement shall be deemed to make NSTAR Electric and Entergy Nuclear partners, partners in a joint venture, or otherwise.
- 14.15** Nothing in this Agreement shall prevent a Party from utilizing the services of such contractors as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor. Except as may be specifically set forth to the contrary herein, no subcontractor is intended to be, nor will it be deemed to be, a third-party beneficiary of this Agreement.
- 14.16** The provisions of 10 CFR Part 21 apply to the supply hereunder of any nuclear safety related goods or services.


IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year above first written.

COMMONWEALTH ELECTRIC COMPANY

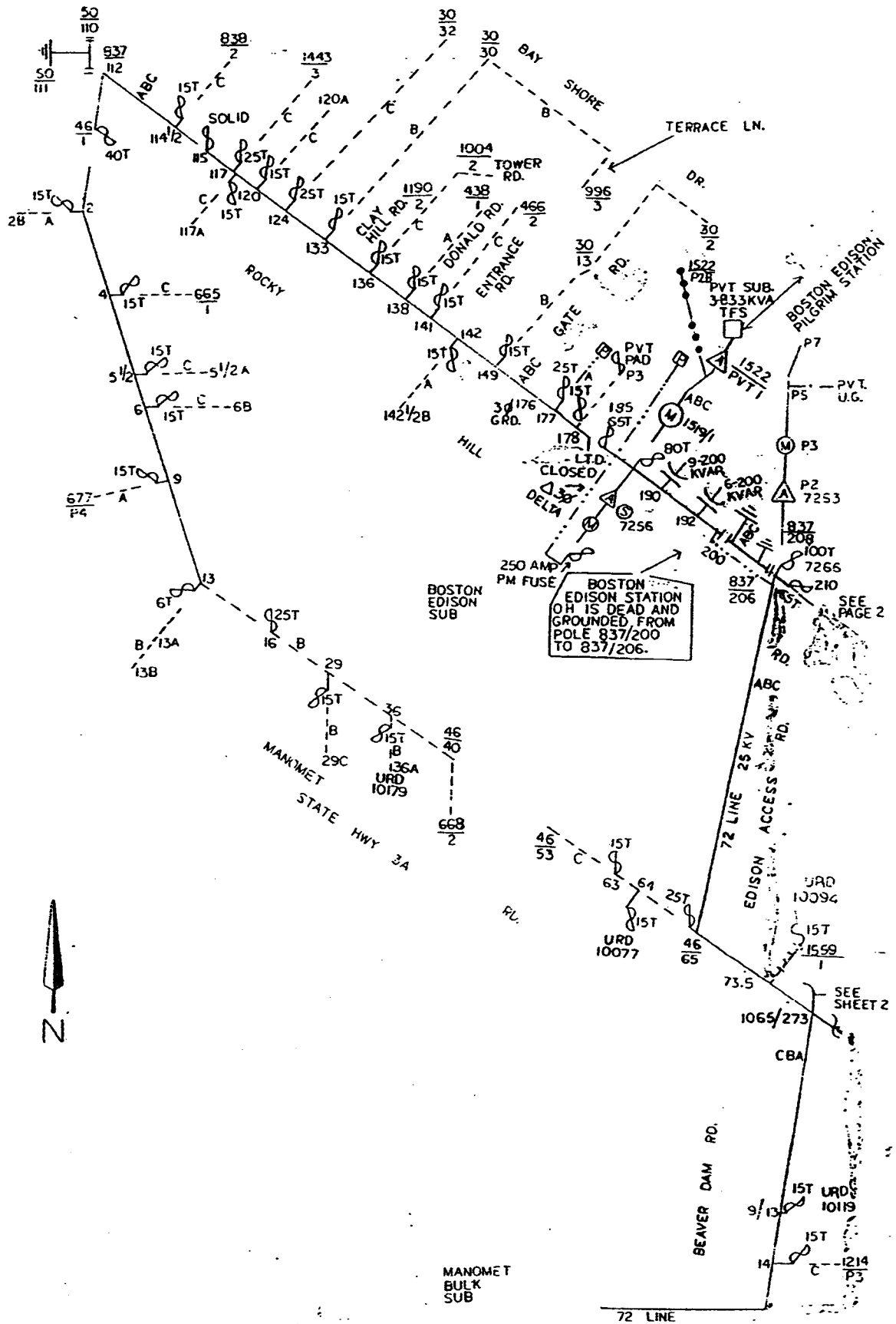
By: 
Douglas S. Horan

Title: Senior Vice President

ENTERGY NUCLEAR GENERATION COMPANY

By: 
Robert M. Bellamy

Title: Site Vice President



COMMONWEALTH ELECTRIC CO.
PLYMOUTH DIVISION

REVISED 7-6-00 SEE NO. P.T.

CIRCUIT 940
ROCKY HILL RD.
25KV
SHEET 1

ATTACHMENT 2
COST SUPPORT SCHEDULE

COMMONWEALTH ELECTRIC COMPANY
PILGRIM EMERGENCY BACK-UP SERVICE

Special Contract Pricing Development (Marginal Cost Based)

Transmission Charge (Marginal Cost Based - Daily Demand)

Annual Cost \$/kW	\$34.26	Marginal Cost Study, Schedule 10, line 17
Loss Multiplier	1.04339	Marginal Cost Study, Schedule 13
Total	\$35.75	\$/kW
Power Factor Adj,	0.9	Assume 90% Power Factor
Annual Cost - \$/kVa	\$32.17	\$/kVa
Annual weekdays	260	
Daily Demand Rate - \$/kVa	\$0.12	\$/kVa
Monthly Minimum Charge @ 10%	\$0.27	\$/kVa

Transition Demand Rate

Transition Charge	\$0.03030	\$/kwh	Year 2002 Average Rate
Demand units	539,000	Kva	
Kwh units	15,816,998	Kwh	
Kwh/Kva	29.3451	Average Hours Use	
Transition Charge	\$0.89	\$/kva	
Peak Months - Factor	2.10	Ratio of 70% Peak Allocation to Average	
Peak Months - Rate	\$1.87	\$/kva	
Off-Peak Months - Factor	0.45	Ratio of 30% Off-Peak Allocation to Average	
Off-Peak Months - Rate	\$0.40	\$/kva	